

ASSEMBLY BILL

No. 94

Introduced by Assembly Member Levine

December 20, 2006

An act to amend Section 25740 of the Public Resources Code, and to amend Sections 399.11 and 399.15 of the Public Utilities Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 94, as introduced, Levine. Renewable energy.

(1) Existing law expresses the intent of the Legislature, in establishing the Renewable Energy Resources Program, to increase the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 20% of the total electricity sold to retail customers in California per year by December 31, 2010.

This bill would revise the intent language so that the amount of electricity generated per year from eligible renewable energy resources is increased to an amount that equals at least 33% of the total electricity sold to retail customers in California per year by December 31, 2020.

(2) The Public Utilities Act imposes various duties and responsibilities on the California Public Utilities Commission (CPUC) with respect to the purchase of electricity and requires the CPUC to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller, as defined, of electricity, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar

year (renewables portfolio standard). The renewables portfolio standard requires each retail seller to increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 20% of its retail sales are procured from eligible renewable energy resources no later than December 31, 2010.

This bill would instead require that each retail seller increase its total procurement of eligible renewable energy resources by at least an additional 1% of retail sales per year so that 33% of its retail sales are procured from eligible renewable energy resources no later than December 31, 2020.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25740 of the Public Resources Code is
2 amended to read:

3 25740. It is the intent of the Legislature in establishing this
4 program, to increase the amount of electricity generated from
5 eligible renewable energy resources per year, so that it equals at
6 least ~~20~~ 33 percent of total retail sales of electricity in California
7 per year by December 31, ~~2010~~ 2020.

8 SEC. 2. Section 399.11 of the Public Utilities Code is amended
9 to read:

10 399.11. The Legislature finds and declares all of the following:

11 (a) In order to attain a target of generating ~~20~~ 33 percent of total
12 retail sales of electricity in California from eligible renewable
13 energy resources by December 31, ~~2010~~ 2020, and for the purposes
14 of increasing the diversity, reliability, public health and
15 environmental benefits of the energy mix, it is the intent of the
16 Legislature that the commission and the State Energy Resources
17 Conservation and Development Commission implement the
18 California Renewables Portfolio Standard Program described in
19 this article.

20 (b) Increasing California's reliance on eligible renewable energy
21 resources may promote stable electricity prices, protect public
22 health, improve environmental quality, stimulate sustainable
23 economic development, create new employment opportunities,
24 and reduce reliance on imported fuels.

1 (c) The development of eligible renewable energy resources
2 and the delivery of the electricity generated by those resources to
3 customers in California may ameliorate air quality problems
4 throughout the state and improve public health by reducing the
5 burning of fossil fuels and the associated environmental impacts
6 and by reducing in-state fossil fuel consumption.

7 (d) The California Renewables Portfolio Standard Program is
8 intended to complement the Renewable Energy Resources Program
9 administered by the State Energy Resources Conservation and
10 Development Commission and established pursuant to Chapter
11 8.6 (commencing with Section 25740) of Division 15 of the Public
12 Resources Code.

13 (e) New and modified electric transmission facilities may be
14 necessary to facilitate the state achieving its renewables portfolio
15 standard targets.

16 SEC. 3. Section 399.15 of the Public Utilities Code is amended
17 to read:

18 399.15. (a) In order to fulfill unmet long-term resource needs,
19 the commission shall establish a renewables portfolio standard
20 requiring all electrical corporations to procure a minimum quantity
21 of electricity generated by eligible renewable energy resources as
22 a specified percentage of total kilowatthours sold to their retail
23 end-use customers each calendar year, if sufficient funds are made
24 available pursuant to Section 399.6 and Chapter 8.6 (commencing
25 with Section 25740) of Division 15 of the Public Resources Code,
26 to cover the above-market costs of eligible renewable energy
27 resources.

28 (b) The commission shall implement annual procurement targets
29 for each retail seller as follows:

30 (1) Each retail seller shall, pursuant to subdivision (a), increase
31 its total procurement of eligible renewable energy resources by at
32 least an additional 1 percent of retail sales per year so that ~~20~~ 33
33 percent of its retail sales are procured from eligible renewable
34 energy resources no later than December 31, ~~2010~~ 2020. A retail
35 seller with ~~20~~ 33 percent of retail sales procured from eligible
36 renewable energy resources in any year shall not be required to
37 increase its procurement of renewable energy resources in the
38 following year.

39 (2) For purposes of setting annual procurement targets, the
40 commission shall establish an initial baseline for each retail seller

1 based on the actual percentage of retail sales procured from eligible
2 renewable energy resources in 2001, and to the extent applicable,
3 adjusted going forward pursuant to Section 399.12.

4 (3) Only for purposes of establishing these targets, the
5 commission shall include all electricity sold to retail customers by
6 the Department of Water Resources pursuant to Section 80100 of
7 the Water Code in the calculation of retail sales by an electrical
8 corporation.

9 (4) In the event that a retail seller fails to procure sufficient
10 eligible renewable energy resources in a given year to meet any
11 annual target established pursuant to this subdivision, the retail
12 seller shall procure additional eligible renewable energy resources
13 in subsequent years to compensate for the shortfall if sufficient
14 funds are made available pursuant to Section 399.6 and Chapter
15 8.6 (commencing with Section 25740) of Division 15 of the Public
16 Resources Code, to cover any above-market costs of eligible
17 renewable energy resources.

18 (5) If supplemental energy payments from the Energy
19 Commission, in combination with the market prices approved by
20 the commission, are insufficient to cover any above-market costs
21 of electricity procured from eligible renewable energy resources
22 through an electricity purchase agreement of at least 10 years'
23 duration, the commission shall allow a retail seller to limit its
24 annual procurement obligation to the quantity of eligible renewable
25 energy resources that can be procured with available supplemental
26 energy payments. A retail seller shall not be required to enter into
27 long-term contracts with operators of eligible renewable energy
28 resources that exceed the market prices established pursuant to
29 subdivision (c).

30 (c) The commission shall establish a methodology to determine
31 the market price of electricity for terms corresponding to the length
32 of contracts with eligible renewable energy resources, in
33 consideration of the following:

34 (1) The long-term market price of electricity for fixed price
35 contracts, determined pursuant to an electrical corporation's general
36 procurement activities as authorized by the commission.

37 (2) The long-term ownership, operating, and fixed-price fuel
38 costs associated with fixed-price electricity from new generating
39 facilities.

1 (3) The value of different products including baseload, peaking,
2 and as-available electricity.

3 (d) The Energy Commission shall provide supplemental energy
4 payments from funds in the New Renewable Resources Account
5 of the Renewable Resource Trust Fund to eligible renewable energy
6 resources pursuant to Chapter 8.6 (commencing with Section
7 25740) of Division 15 of the Public Resources Code, consistent
8 with this article, for any above-market costs. Indirect costs
9 associated with the purchase of eligible renewable energy resources
10 by an electrical corporation, including imbalance energy charges,
11 sale of excess energy, decreased generation from existing resources,
12 or transmission upgrades, shall not be eligible for supplemental
13 energy payments, but are recoverable in rates, as authorized by
14 the commission. The Energy Commission shall not award
15 supplemental energy payments to service load that is not subject
16 to the renewable energy public goods charge.

17 (e) The establishment of a renewables portfolio standard shall
18 not constitute implementation by the commission of the federal
19 Public Utility Regulatory Policies Act of 1978 (Public Law
20 95-617).

21 (f) The commission shall consult with the Energy Commission
22 in calculating market prices under subdivision (c) and establishing
23 other renewables portfolio standard policies.